

GRAND BANKS YACHTS LIMITED

(Registration No: 197601189E)



Fourth Quarter And Full Year Unaudited Financial Statements for the Period Ended 30 June 2015

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT (UNAUDITED) - in SGD

	Group			Group		
	3-Month	3-Month	Inc / (Dec)	12-Month	12-Month	Inc / (Dec)
	Period	Period		Period	Period	
	Ended	Ended		Ended	Ended	
	30-Jun-15	30-Jun-14		30-Jun-15	30-Jun-14	
	(ii)		(Dec)	(i)		(Dec)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	13,675	13,217	3.5	39,190	40,349	(2.9)
Cost of sales (iii)	(13,139)	(10,873)	20.8	(35,317)	(32,509)	8.6
Gross Profit	536	2,344	(77.1)	3,873	7,840	(50.6)
Selling and marketing expenses	(1,346)	(422)	219.0	(3,947)	(3,755)	5.1
Administrative expenses	(896)	(803)	11.6	(3,655)	(2,774)	31.8
Other operating expense	(277)	(298)	(7.0)	(1,007)	(12)	8,291.7
Total operating expenses	(2,519)	(1,523)	65.4	(8,609)	(6,541)	31.6
(Loss)/Profit from operations	(1,983)	821	(341.5)	(4,736)	1,299	(464.6)
Other non-operating (expense)/income, net	(444)	(33)	1,245.5	198	(257)	(177.0)
(Loss)/Profit before taxation	(2,427)	788	(408.0)	(4,538)	1,042	(535.5)
Tax (expense)/credit (iv)	(16)	13	(223.1)	(261)	(9)	2,800.0
Net (loss)/profit for the period	(2,443)	801	(405.0)	(4,799)	1,033	(564.6)
EBITDA (v)	(1,724)	1,196	(244.1)	(1,958)	2,757	(171.0)

(i) Includes contributions from Palm Beach Motor Yacht Co Pty Ltd ("PBMV") from 1 August 2014, arising from the acquisition of PBMV on that date.

(ii) Includes contributions from PBMV for the three-month period ended 30 June 2015.

(iii) Cost of sales for the quarter ended 30 June 2015 ("4Q FY2015") and the twelve-month period ended 30 June 2015 ("12M FY2015") include non-cash depreciation and amortization expenses resulting from the acquisition of PBMV which total S\$272k and S\$1,070k, respectively. These expenses resulted from the depreciation of certain assets as well as amortization of certain intangible assets acquired on 1 August 2014.

(iv) Tax expense for 4Q FY2015 and 12M FY2015 includes reversal of deferred tax liabilities of S\$93k and S\$363k, respectively, which were not present preceding the acquisition of PBMV on 1 August 2014.

(v) Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA").

Additional information to the income statement:

	Group			Group		
	3-Month Period Ended 30-Jun-15 \$'000	3-Month Period Ended 30-Jun-14 \$'000	Change %	12-Month Period Ended 30-Jun-15 \$'000	12-Month Period Ended 30-Jun-14 \$'000	Change %
Reversal of allowance (allowance made) for slow-moving materials	3	64	(95.3)	(36)	29	(224.1)
(Doubtful debt provision)/Recovery of doubtful trade receivables	–	(6)	(100.0)	–	374	(100.0)
Depreciation of property, plant and equipment	(584)	(432)	35.2	(2,067)	(1,806)	14.5
Amortisation of intangibles assets	(134)	–	N.m	(564)	–	N.m
Foreign exchange (loss)/gain	(577)	(75)	669.3	(73)	(478)	(84.7)
Gain/(Loss) on disposal of property, plant and equipment	–	29	(100.0)	(3)	29	(110.3)
Fair valuation loss on quoted debt securities held-for-trading	(1)	(1)	–	(12)	(8)	50.0
Interest income included in other non-operating income, net	15	24	(37.5)	51	91	(44.0)
Property, plant and equipment written off	(11)	(6)	83.3	(15)	(9)	66.7
Taxation:						
- current tax (expense)/credit	(192)	13	(1,576.9)	(235)	(9)	2,511.1
- deferred tax credit/(expense)	176	–	N.m	(26)	–	N.m

N.m - Percentage / Computation not meaningful

- (i) Includes contributions from PBMY from 1 August 2014, arising from the acquisition of PBMY on that date.
(ii) Includes contributions from PBMY for the three month period ended 30 June 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) - in SGD

	Group		Group	
	3-Month Period Ended 30-Jun-15 \$'000	3-Month Period Ended 30-Jun-14 \$'000	12-Month Period Ended 30-Jun-15 \$'000	12-Month Period Ended 30-Jun-14 \$'000
		Change %		Change %
Net (loss)/profit for the period	(2,443)	(405.0)	(4,799)	1,033 (564.6)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Net currency translation differences of financial statements of foreign subsidiaries	(1,561)	(655.5)	(3,162)	(539) 486.6
Total Comprehensive Income for the period	(4,004)	(470.1)	(7,961)	494 (1,711.5)

(i) Includes contributions from PBMV from 1 August 2014, arising from the acquisition of PBMV on that date.

(ii) Includes contributions from PBMV for the three month period ended 30 June 2015.

A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION (UNAUDITED) - in SGD

	Group		Company	
	30-Jun-15 * \$'000	30-Jun-14 \$'000	30-Jun-15 \$'000	30-Jun-14 \$'000
Non-current assets				
Property, plant and equipment (a) (b)	10,966	7,166	-	-
Subsidiaries (a)	-	-	29,609	19,000
Goodwill (a) (c)	6,930	-	-	-
Intangible assets (a) (c)	2,153	-	-	-
Deferred tax assets	307	-	-	-
	<u>20,356</u>	<u>7,166</u>	<u>29,609</u>	<u>19,000</u>
Current assets				
Inventories	17,887	22,656	-	-
Trade and other receivables	307	882	10,892	8,356
Prepayments	1,686	1,129	7	28
Current tax recoverable	-	15	-	-
Investment held-for-trading	310	322	310	322
Cash and cash equivalents	21,701	26,604	5,089	13,779
	<u>41,891</u>	<u>51,608</u>	<u>16,298</u>	<u>22,485</u>
Total assets	<u>62,247</u>	<u>58,774</u>	<u>45,907</u>	<u>41,485</u>
Current liabilities				
Trade and other payables (a) (d)	14,323	6,177	4,423	547
Hire purchase payable	27	-	-	-
Provision for warranty claims	1,295	1,611	-	-
Current tax payables	193	21	-	-
	<u>15,838</u>	<u>7,809</u>	<u>4,423</u>	<u>547</u>
Non-current liabilities				
Deferred tax liabilities (a) (c)	1,606	-	-	-
Total liabilities	<u>17,444</u>	<u>7,809</u>	<u>4,423</u>	<u>547</u>
Capital and reserves				
Share capital	42,999	41,251	42,999	41,251
Share-based compensation reserve	190	142	190	142
Accumulated profits/(losses)	26,897	31,693	(1,705)	(455)
Foreign currency translation reserve	(25,283)	(22,121)	-	-
Total equity	<u>44,803</u>	<u>50,965</u>	<u>41,484</u>	<u>40,938</u>
Total equity and liabilities	<u>62,247</u>	<u>58,774</u>	<u>45,907</u>	<u>41,485</u>

* Includes contributions from PBMV from 1 August 2014, arising from the acquisition of PBMV on that date.

Note (a) : On 1 August 2014, the Group acquired the entire share capital of PBMV for a consideration of approximately A\$10 million of which a second payment of S\$4.1 million is accrued in trade and other payables (see note (d)). In accordance with FRS 103 *Business Combinations*, the Group has identified certain plant and equipment and intangible assets including goodwill which are recognized at their estimated fair value. The corresponding deferred tax liabilities on these assets have also been recognized.

Note (b) : Includes certain tooling used to manufacture yachts arising from the acquisition of PBMV.

Note (c) : Comprised solely from the acquisition of PBMV. The intangible assets include PBMV's trademark and order book.

Note (d) : In connection with the PBMV acquisition, payables include an accrued amount of S\$4.1 million for the potential earn-out payment if PBMV's combined net profits before tax for the years ended 30 June 2014 and 30 June 2015 are equal to or more than AUD2.64 million.

Aggregate amount of group's borrowings and debt securities

Not applicable.

Detail of any collateral

Not applicable.

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) - in SGD

	Group		Group	
	3-Month Period Ended 30-Jun-15 *	3-Month Period Ended 30-Jun-14	12-Month Period Ended 30-Jun-15 *	12-Month Period Ended 30-Jun-14
	\$'000	\$'000	\$'000	\$'000
Operating activities				
(Loss)/Profit after taxation	(2,443)	801	(4,799)	1,033
<i>Adjustments for:-</i>				
Depreciation of property, plant and equipment	584	432	2,067	1,806
Amortisation of intangible assets	134	-	564	-
Loss on disposal of property, plant and equipment	-	(29)	3	(29)
Property, plant and equipment written off	11	6	15	9
Interest income	(15)	(24)	(51)	(91)
Provision for warranty claims	178	239	584	815
Fair valuation loss on quoted debt securities held-for-trading	1	1	12	8
Fair value change of contingent consideration	(74)	-	(74)	-
Equity-settled share based expense	34	-	48	-
Tax expense/(credit)	16	(13)	261	9
Unrealised foreign exchange gain	(1,436)	-	(1,436)	-
	<u>(3,010)</u>	<u>1,413</u>	<u>(2,806)</u>	<u>3,560</u>
<i>Changes in working capital:</i>				
Decrease in inventories	2,257	2,075	3,118	211
(Increase)/Decrease in trade and other receivables	(35)	1,214	1,955	382
Decrease/(Increase) in prepayments	545	534	(674)	414
Increase/(Decrease) in trade and other payables	2,188	(1,480)	1,907	(2,439)
	<u>1,945</u>	<u>3,756</u>	<u>3,500</u>	<u>2,128</u>
Net cash from operations	1,945	3,756	3,500	2,128
Net income tax recovered/(paid)	(29)	(6)	(60)	(100)
Warranty claims paid	(186)	(487)	(775)	(847)
Proceeds from cash previously restricted	-	-	-	317
Cash flows from operating activities	<u>1,730</u>	<u>3,263</u>	<u>2,665</u>	<u>1,498</u>
Investing activities				
Interest received	14	26	60	90
Proceeds from disposal of/matured debt securities held-for-trading	-	-	-	462
Proceeds from disposal of property, plant and equipment	-	35	-	35
Acquisition of a subsidiary (a)	-	-	(3,433)	-
Purchase of property, plant and equipment	(1,315)	(59)	(3,031)	(922)
Restricted cash (b)	-	-	(4,800)	-
Cash flows (used in)/from investing activities	<u>(1,301)</u>	<u>2</u>	<u>(11,204)</u>	<u>(335)</u>
Financing activities				
Receipt of unclaimed dividends	-	26	3	26
Repayment of hire purchase liability	(1)	-	(5)	-
Proceeds from issue of shares	-	-	-	12,189
Repayment of loan (c)	-	-	(1,756)	-
Proceeds from deposits previously pledged/(Deposits pledged)	1,604	(3)	779	56
Cash flows from/(used in) financing activities	<u>1,603</u>	<u>23</u>	<u>(979)</u>	<u>12,271</u>
Net increase/(decrease) in cash and cash equivalents	<u>2,032</u>	<u>3,288</u>	<u>(9,518)</u>	<u>13,434</u>
Cash and cash equivalents at beginning of period	13,999	22,310	25,678	12,245
Effect of exchange rate changes on balances held in foreign currency	723	80	594	(1)
Cash and cash equivalents at end of period (d)	<u>16,754</u>	<u>25,678</u>	<u>16,754</u>	<u>25,678</u>

* Includes contributions from PBMV from 1 August 2014, arising from the acquisition of PBMV on that date.

Note (a) : Represents the first cash payment made for the acquisition of PBMV less PBMV's cash balance as at 1 August 2014.

Note (b) : Amounts placed in escrow for the potential earn-out payment if PBMV's combined net profits before tax for the years ended 30 June 2014 and 30 June 2015 are equal to or more than AUD2.64 million.

Note (c) : As part of the acquisition, the Group repaid A\$1.5 million for a loan made to PBMV.

	30-June-15	30-June-14
Note (d) : Cash and cash equivalents per statement of cash flows (S\$'000)	16,754	25,678
Restricted Cash (S\$'000)	4,800	-
Deposits Pledged (S\$'000)	147	926
Cash and cash equivalents per the statements of financial position (S\$'000)	<u>21,701</u>	<u>26,604</u>

1(d)(i)

arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) - in SGD

Group	Share	Share-based	Foreign	Accumulated	Total
	capital \$'000	compensation reserve \$'000	currency translation reserve \$'000	profits \$'000	
At 1-Jul-2013	29,062	142	(21,582)	30,634	38,256
Total comprehensive income for the year					
Profit for the year	-	-	-	1,033	1,033
<i>Other comprehensive income</i>					
Translation differences relating to financial statements of foreign subsidiaries	-	-	(539)	-	(539)
Total other comprehensive income	-	-	(539)	-	(539)
Total comprehensive income for the year	-	-	(539)	1,033	494
Transactions with owners, recorded directly in equity					
Issue of new shares	12,189	-	-	-	12,189
Equity-settled performance shares	-	-	-	-	-
Receipt of unclaimed dividends	-	-	-	26	26
At 30-Jun-2014	41,251	142	(22,121)	31,693	50,965
At 1-Jul-2014	41,251	142	(22,121)	31,693	50,965
Total comprehensive income for the year					
Loss for the year	-	-	-	(4,799)	(4,799)
<i>Other comprehensive income</i>					
Translation differences relating to financial statements of foreign subsidiaries	-	-	(3,162)	-	(3,162)
Total other comprehensive income	-	-	(3,162)	-	(3,162)
Total comprehensive income for the year	-	-	(3,162)	(4,799)	(7,961)
Transactions with owners, recorded directly in equity					
Issue of new shares (a)	1,748	-	-	-	1,748
Equity-settled performance shares	-	48	-	-	48
Receipt of unclaimed dividends	-	-	-	3	3
At 30-Jun-2015	42,999	190	(25,283)	26,897	44,803
Company	Share	Share-based	Accumulated	Total	
	capital	compensation	profits/(loss)	\$'000	
	\$'000	\$'000	\$'000	\$'000	
At 1-Jul-2013	29,062	142	559	29,763	
Total comprehensive income for the year					
Loss for the year	-	-	(1,040)	(1,040)	
Total comprehensive income for the year	-	-	(1,040)	(1,040)	
Transactions with owners, recorded directly in equity					
Issue of new shares	12,189	-	-	12,189	
Receipt of unclaimed dividends	-	-	26	26	
At 30-Jun-2014	41,251	142	(455)	40,938	
At 1-Jul-2014	41,251	142	(455)	40,938	
Total comprehensive income for the year					
Loss for the year	-	-	(1,253)	(1,253)	
Total comprehensive income for the year	-	-	(1,253)	(1,253)	
Transactions with owners, recorded directly in equity					
Issue of new shares (a)	1,748	-	-	1,748	
Equity-settled performance shares	-	48	-	48	
Receipt of unclaimed dividends	-	-	3	3	
At 30-Jun-2015	42,999	190	(1,705)	41,484	

Note (a) : Represents the estimated fair value of the shares paid in connection with the acquisition of PBMY in accordance with FRS 103 *Business Combinations*.

- 1(d) (ii) **Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company did not issue any shares during the 3-month period ended 30 June 2015 (30 June 2014: Nil ordinary shares). The Company issued 11,025,400 ordinary shares as part of the consideration paid in connection with the acquisition of PBMV during the year ended 30 June 2015 (30 June 2014: 57,669,749 ordinary shares). There were 200,000 Share Awards pursuant to the Grand Banks Performance Share Plan ("PSP") 2014 and 3,450,000 Share Options pursuant to the Grand Banks Employee Share Option Scheme ("Scheme") as at 30 June 2015 (30 June 2014: Nil Share Awards, Nil Share Options). The share awards and options awarded do not vest until March 2017. Both the PSP and the Scheme were approved by shareholders on 8 October 2014.

There are no outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of immediately preceding financial year.

- 1(d) (iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.**

The Company did not hold any treasury shares as at 30 June 2015 and 30 June 2014. The Company's share capital consists of 184,034,649 ordinary shares as at 30 June 2015 (30 June 2014: 173,009,249 ordinary shares).

- 1(d) (iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company did not have any treasury shares during the period under review.

2. **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period, as those of the most recent audited financial statements for the financial year ended 30 June 2014.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of the new/amended FRS which became effective from 1 July 2014 does not have any significant impact on the financial statements.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividend.

	3-Month Period Ended 30-Jun-15 (ii)	3-Month Period Ended 30-Jun-14	12-Month Period Ended 30-Jun-15 (i)	12-Month Period Ended 30-Jun-14
(Loss)/Earnings per ordinary share for the financial period based on net loss attributable to shareholders: -				
- on weighted average number of ordinary shares in issue (cents)	(1.32)	0.46	(2.62)	0.66
- on a fully diluted basis (cents)	(1.32)	0.46	(2.62)	0.66

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :-

- (a) Current period reported on; and
(b) Immediately preceding financial year.

	Group		Company	
	Jun-15 (i)	Jun-14	Jun-15	Jun-14
Net asset value per ordinary share based on existing issued share capital at the end of the respective financial period/year (cents)	24.34	29.46	22.54	23.66

- (i) Includes contributions from PBMY from 1 August 2014, arising from the acquisition of PBMY on that date.
(ii) Includes contributions from PBMY for the entire three month period ended 30 June 2015.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -

a) Any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors.

The Group's revenue for the quarter ended 30 June 2015 ("4Q FY2015") increased to S\$13.7 million from S\$13.2 million for the quarter ended 30 June 2014 ("4Q FY2014"), in line with a series of strategic decisions undertaken following the completion of the acquisition of Palm Beach Motor Yachts Co Pty Ltd ("PBM Y") on 1 August 2014. To integrate operations of the two boat brands (which had until now been produced at separate locations), improve internal efficiencies and to introduce new designs, several significant actions have been taken since August 2014. These include:

- (i) A deliberate decision to reduce production at the Malaysian plant – without lowering headcount – so that the Group could focus on new designs and modify existing Grand Banks models, sales of which had been slower than expected;
- (ii) Discounts and sales incentives given to expedite the sale of the three older model inventory yachts which had been in the market for an average of 14 months;
- (iii) Investments in new boat building equipment in Malaysia to raise overall quality and improve efficiency;
- (iv) Migration of production of certain Palm Beach models from Australia (where the Berkeley Vale facility has already reached full capacity) to Pasir Gudang in Malaysia, including transportation of moulds;
- (v) Investments in training – including engagement of seven experienced boat builders from Australia and New Zealand – to raise the skill sets of the Malaysian workforce and align production processes with those of PBM Y in Australia; and
- (vi) Overall reorganisation of the Malaysian factory to improve efficiency, communication and lower costs.

These initiatives are in line with the strategic plan implemented in the last 11 months to build a more integrated combined design, production and marketing process, which can serve as the unified delivery platform to execute recovery and long-term growth for the Group.

Due to the costs associated in executing this strategic plan, gross profit margin declined to 3.9% in 4Q FY2015 from 17.7% in 4Q FY2014. Gross profit declined to S\$0.5 million from S\$2.3 million over the comparative periods. Selling and marketing expenses for 4Q FY2015 were S\$0.9 million higher than 4Q FY2014 due to the inclusion of PBM Y's expenses and the higher boat show and travelling expenses associated with the change to factory direct sales. Administrative expenses increased to S\$0.9 million in 4Q FY2015 from S\$0.8 million in 4Q FY2014, as a result of a new management appointment and the inclusion of PBM Y's expenses. Due to the above, the Group's total operating expenses in 4Q FY2015 increased to S\$2.5 million from S\$1.5 million in 4Q FY2014. The Group recorded a net loss of S\$2.4 million in 4Q FY2015, compared to a net profit of S\$0.8 million in 4Q FY2014.

The significant reorganization efforts outlined above impacted the performance for the entire financial year ended 30 June 2015 ("FY2015") which is in line with the Company's performance guidance issued on 22 June 2015. Revenue for FY2015 declined to S\$39.2 million from S\$40.3 million for FY2014. Operating expenses for FY2015 increased to S\$8.6 million from S\$6.5 million for FY2014. As a result, the Group recorded a net loss of S\$4.8 million for FY2015, compared to a net profit of S\$1.0 million for FY2014. PBM Y, the acquisition of which was completed on 1 August 2014, recorded a profit for 4Q FY2015 and the whole of FY2015.

b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Despite the challenging conditions, the Group recorded positive operating cash flow of S\$1.7 million for 4Q FY2015 due to astute management of working capital and the sale of older inventory yachts. The higher orders in 4Q FY2015 led to more customer deposits and more purchases placed with vendors, leading to increased payables.

Cash flows used in investing activities were S\$1.3 million for 4Q FY2015, due to the development of new Grand Banks and Palm Beach yacht models which have already generated new orders as at 30 June 2015. Cash flows generated from financing activities were S\$1.7 million for 4Q FY2015 due to the return of deposits previously pledged with a financial institution. In comparison, cash flows generated from investing and financing activities were negligible for 4Q FY2014.

The Group's operating cash flow was S\$2.7 million for the whole of FY2015 compared to S\$1.5 million for FY2014, mainly due to a decrease in working capital. The decrease in working capital was attributable to a decrease in inventory and receivables as well as an increase in payables. Inventory decreased due to the sale of four older model inventory yachts which had been in the market for an average of 14 months. Receivables decreased as the Group received payments from customers. The higher orders in FY2015 led to more customer deposits and more purchases placed with vendors, leading to increased payables. In addition, payables also increased with an accrual of S\$4.1 million for the earn-out payment in relation to the acquisition of PBM Y.

Cash flows used in investing activities were S\$11.2 million for the whole of FY2015 due to the acquisition of PBM Y, development of new Grand Banks and Palm Beach yacht models as well as placement of the earn-out payment (for the PBM Y acquisition) in escrow. The terms of the acquisition included an earn-out model (resulting in the accrual of S\$4.1 million recorded in FY2015) under which PBM Y had to achieve combined net profits before tax equal to or more than AUD2.64 million for FY2014 and FY2015 ("target profits"). All indications – subject to final audit – are that Palm Beach has met the target profits.

Cash flows used in financing activities were S\$0.9 million for FY2015 due to the repayment of PBM Y's loan upon its acquisition, mitigated by the return of deposits previously pledged with a financial institution. In comparison, cash flows generated from financing activities in FY2014 were from the issuance of new shares from the rights issue.

As a result of the above, cash and cash equivalents as per the statement of financial position increased to S\$21.7 million as at 30 June 2015 from S\$20.6 million as at 31 March 2015. The cash and cash equivalents of S\$21.7 million as at 30 June 2015 included restricted cash of S\$4.8 million in relation to the potential earn-out payment and deposits pledged of S\$0.2 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There is no variance between the performance guidance issued by the company on 22 June 2015 and the unaudited results.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Buoyed by sustained buyer interest as well as fresh design and innovation by manufacturers, the luxury yachting industry continues to experience growth in major markets, particularly the United States. Orders secured at major boat shows throughout the past year also indicate that the industry – except for Europe – appears to be recovering amid improved economic sentiments and job growth in the U.S., among other positive indicators.

Following the completion of the acquisition of PBM Y on 1 August 2014, the Group had embarked on restructuring initiatives to strengthen its position as a global luxury boat company with two world-class brands. The Group is now represented in the North American, Australian, Asian and European markets and is enjoying strong boat sales in the U.S. and Australia.

Having executed a post-acquisition and strategic plan for much of FY2015, the Group is reasonably confident that the bulk of the reorganization of the Malaysian facility and integration of both facilities has been completed. The integration is timely as the Australian facility is fully utilized while the Malaysian facility can increase utilization rates significantly. The Group now has a much stronger foundation in terms of boat design and production process, communication, internal efficiencies and marketing which can support growth of two leading global boat brands. Management will continue to integrate design, production and internal operations across its brands, including cross-pollination of manufacturing techniques as well as the sharing of factory personnel between the two facilities. Having commenced manufacturing of three Palm Beach boats in the Malaysia facility during the year under review, the first Malaysian-built Palm Beach boat is on track for completion by October 2015. The Group intends to build more Palm Beach boats in the Malaysian facility, which should lead to improved gross profit margins at the Group level.

The Group has leveraged the expertise and resources of both its brands to commence the design and development of new products. These include the Grand Banks 60, a line of better-performing yachts with a fresh appearance that has received strong buyers' interest, as well as the Grand Banks 44 Eastbay and Palm Beach 42. The first Grand Banks 60 boat is scheduled for completion in the fourth quarter of FY2016. As at 30 June 2015, the Group has received two orders with non-refundable deposits for the Grand Banks 60.

During FY2015, the Group participated in boat shows in Fort Lauderdale, Newport (Rhode Island), Miami, Singapore and Japan. It will continue to scale up global marketing efforts to promote its brands, principally in the U.S., Australia and Asia, as these markets have shown stronger boating interest in recent years. Furthermore, the Group has recently completed the transition to a factory-direct sales model in North America, which will not only deliver a better overall customer experience but also significantly lower the overall costs of distribution and improve margins.

The Group's aggregate net order book rose to a new six-year high of S\$36.5 million as at 30 June 2015, lifted by five new boat orders in Q4 FY2015. Most of the net order book is expected to be recognised as revenue in the coming fiscal year ("FY2016").

The recent weakening of both the Australian dollar and the Malaysian ringgit – currencies of the countries where both production facilities are located – may also contribute to better financial performance if such currency levels persist through the remainder of FY2016, as more than half the boat sales are denominated in U.S. dollars.

In view of the above factors, the Directors expect that the Group's financial performance will improve significantly in FY2016. Going forward, the Group will develop new boat designs, extend its marketing efforts and improve Group-wide internal efficiencies with a view to enhancing shareholder value.

11. Dividend

a) Current Financial Period Reported on 30 June 2015

Any dividend declared for the current financial year reported on?

No.

b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

12. If no dividend has been declared / recommended, a statement to that effect.

No dividend has been declared.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained from shareholders for IPT.

In the Circular to Shareholders dated 30 June 2014, the Group disclosed that Palm Beach Motor Yachts (PBM Y), the acquisition of which was approved by shareholders on 15 July 2014 and subsequently closed on 1 August 2014, leased its manufacturing facility from an entity controlled by Mr. Mark Jonathon Richards, the Group's new CEO who was appointed on 1 August 2014. For the period from 1 April 2015 through 30 June 2015, the rental amount paid by PBM Y for use of the manufacturing facility in Berkeley Vale amounted to approximately S\$62,000. The transaction has been reviewed by the Risk Management & Audit Committee ("RMAC") of the Company, and the RMAC is of the view that the terms of the transaction is on normal commercial terms, and is not prejudicial to the interest of the Company and its minority shareholders.

14. Negative confirmation by the Board pursuant to Rule 705(5).

Not applicable for announcement of full year financial statements.

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Reconciliation											
	Manufacturing and trading segment		Retail		Corporate		Elimination		Consolidated			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	12-month year ended 30-Jun-15	12-month year ended 30-Jun-14	12-month year ended 30-Jun-15	12-month year ended 30-Jun-14	12-month year ended 30-Jun-15	12-month year ended 30-Jun-14	12-month year ended 30-Jun-15	12-month year ended 30-Jun-14	12-month year ended 30-Jun-15	12-month year ended 30-Jun-14	12-month year ended 30-Jun-15	12-month year ended 30-Jun-14
Revenue & expenses												
External revenue	39,190	29,868	-	10,481	-	-	-	-	-	-	39,190	40,349
Inter-segment revenue	-	7,515	-	-	632	619	(632)	(8,134)	-	-	-	-
Total revenue	39,190	37,383	-	10,481	632	619	(632)	(8,134)	-	-	39,190	40,349
Segment results*	(181)	4,645	-	77	(1,777)	(1,965)	-	-	-	-	(1,958)	2,757
Depreciation & amortisation	(2,601)	(1,779)	-	(6)	(30)	(21)	-	-	-	-	(2,631)	(1,806)
Interest income	34	30	-	5	17	56	-	-	-	-	51	91
Operating profit/(loss) before tax	(2,748)	2,896	-	76	(1,790)	(1,930)	-	-	-	-	(4,538)	1,042
Income tax (expense)/credit	(230)	(33)	-	-	(31)	24	-	-	-	-	(261)	(9)
Segment profit/(loss)	(2,978)	2,863	-	76	(1,821)	(1,906)	-	-	-	-	(4,799)	1,033

* Segment results: Earnings Before Interest, Taxation, Depreciation & Amortisation

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Revenue contribution by sales regions is shown below:

	Group		Group	
	12-Month Year Ended 30-Jun-15 S'000	% of Total Revenue	12-Month Year Ended 30-Jun-14 S'000	% of Total Revenue
USA	21,997	56.1	25,546	63.3
Europe *	2,944	7.5	1,782	4.4
Australia	8,100	20.7	4,312	10.7
Singapore	5,981	15.3	3,519	8.7
Japan	168	0.4	4,311	10.7
Others	-	-	879	2.2
Total Revenue	39,190	100.0	40,349	100.0

* comprises Denmark & England (2014 : France & Holland)

17. A breakdown of revenue:

	Group		
	12-Month Year Ended 30-Jun-15 S'000	12-Month Year Ended 30-Jun-14 S'000	Change %
(a) Revenue reported for the first half of the financial year	19,195	19,005	1.0
(b) Loss reported for the first half of the financial year	(1,212)	(310)	291.0
(c) Revenue reported for the second half of the financial year	19,995	21,344	(6.3)
(d) (Loss)/Profit reported for the second half of the financial year	(3,587)	1,343	(367.1)

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	12-Month Year Ended 30-Jun-15 S'000	12-Month Year Ended 30-Jun-14 S'000	Change %
Final dividend net of tax	Nil	Nil	-

19. Report of persons occupying managerial positions who are related to a director, chief executive officer or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company wishes to confirm that, to the best of its knowledge, belief and information, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or the chief executive officer or substantial shareholder of the Company.

20. The status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use.

Not applicable.

By Order of the Board
GRAND BANKS YACHTS LIMITED

Peter Kevin Poli
Executive Director
29 August 2015